

Committee on Ways and Means

Home Health Payments

- The Medicare Payment Advisory Commission (MedPAC) recently estimated that, if Congress did not take action, home health agencies would be paid 17 percent more than the costs of providing services to Medicare beneficiaries in urban areas and 10 percent more than their Medicare costs in rural areas in 2006.
- As a result, MedPAC recommended that home health agencies not receive an additional payment increase for inflation in 2006.
- The *Deficit Reduction Act* (DRA) follows the MedPAC recommendation and provides a zero update for home health payments in 2006.
- To ensure continued high level of access to home health services for rural beneficiaries, however, the DRA reinstates a special add-on payment of 5 percent for rural areas for services provided in calendar year 2006.
- In 2007, the DRA requires home health agencies to report quality measures. Agencies that report will receive a full update for inflation. Those that do not report will receive an update less 2 percentage points for the year. This policy continues for subsequent years.
- The DRA takes an important first step in improving quality in the home health area. The information provided through reporting will help consumers make informed choices in selecting providers for home health services.